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Item 5 of the provisional agenda*
Forests in a changing environment

Recommendations for addressing key challenges of forests in a changing environment

Report of the Secretary-General**

Summary

The purpose of the present report is to provide a comprehensive set of recommendations for the consideration of the United Nations Forum on Forests in order to assist it in addressing the closely interlinked challenges of the various components of the issue of forests in a changing environment, as envisaged in the multi-year programme of work for its eighth session.

* E/CN.18/2009/1.

** The delay in the issuance of the present report was due to the need for extended consultations.

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I. Introduction

1. The Secretary-General has submitted three reports for the consideration of the United Nations Forum on Forests at its eighth session on the following issues: (a) forests and climate change;[1] (b) reversing the loss of forest cover, preventing forest degradation in all types of forests and combating desertification, including in low forest cover countries;[2] and (c) forests and biodiversity conservation, including protected areas.[3] To support the discussions on these issues, the Forum secretariat prepared a note, "Forests in a changing environment: low forest cover countries, small island developing States and high and medium forest cover countries",[4] which elaborates on how these issues are inextricably linked and how they should be addressed in a coordinated, cross-sectoral manner within the framework of sustainable forest management.

2. The non-legally binding instrument on all types of forests, the first global agreement on the sustainable management of all types of forests, hereinafter referred to as the forest instrument, agreed upon at the seventh session of the Forum and adopted by the General Assembly in December 2007 (General Assembly resolution 62/98, annex), provides a policy and operational framework for Member States to address these three critical clusters of issues in a coordinated and coherent manner.

3. The forest instrument is an effective tool for integrating the issues of climate change, deforestation and forest degradation, desertification and biodiversity in a holistic and coordinated manner within the framework of sustainable forest management. To that end, national forest programmes or equivalent policies or strategies should play a fundamental role.

4. At the core of the forest instrument, in sections V and VI, are the policies and measures for achieving the global objectives on forests and sustainable forest management. The recommendations presented below are on how to achieve results in the implementation of the forest instrument in the areas of climate change, deforestation, forest degradation, desertification and biodiversity, with special emphasis on creating synergies among processes at the national, regional and international levels towards the realization of the results. Within this context, the following set of recommendations is made on the three issues to be discussed under agenda item 5, forests in a changing environment.

II. Recommended measures for Member States

5. Member States may wish to:

(a) Encourage the use of national forest programmes or their equivalents to integrate measures for addressing deforestation and forest degradation in national sustainable development strategies and programmes and review and revise them to interact more effectively with other sectoral plans, in particular those related to climate change, land degradation, desertification and biodiversity, including through enhancing collaboration and cooperation;

[1] E/CN.18/2009/4.
[2] E/CN.18/2009/5.
[3] E/CN.18/2009/6.
[4] E/CN.18/2009/7.

(b) Establish national coordination mechanisms comprised of the national focal points for the Forum, the Convention on Biological Diversity (CBD), the United Nations Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD), the United Nations Framework Convention on Climate Change (UNFCCC) and other relevant stakeholders in order to address, in a coordinated and coherent manner, the aggregate impact of climate change, deforestation and forest degradation, desertification and biodiversity loss;

(c) Use the potential of the forest instrument to reinforce practical measures at the national level to integrate forests more closely with other policies and consider enhancing coordination between the Forum's national focal points and those of CBD, UNCCD and UNFCCC, as well as of other member organizations of the Collaborative Partnership on Forests, in order to ensure consistency of actions with the forest instrument;

(d) Coordinate, as a priority, their national positions on issues of forests in a changing environment in the governing bodies of the member organizations of the Collaborative Partnership on Forests, taking into account the critical importance of the governing bodies in supporting climate change objectives, and the need for Member States to infuse this collaborative approach into their negotiating positions on climate change;

(e) Encourage the development of national finance strategies for sustainable forest management in order to coordinate funding from different sectors and sources, with the support of the national coordinating mechanisms and in consultation with relevant ministries, in particular those responsible for finance and budget planning, bearing in mind that such strategies would contribute greatly to strengthening the implementation of national forest programmes and an effective, coordinated approach to addressing the aggregate impacts of climate change, deforestation and forest degradation, land degradation, including desertification, and biodiversity loss on forest ecosystems;

(f) Improve analytical and reporting capacities to better assess how sustainable forest management contributes to responding to climate change, combating desertification and the conservation and sustainable use of biodiversity;

(g) Use national forest programmes or their equivalents to incorporate in broader national development policies and programmes the specific measures for achieving the global objectives on forests, which could include, if a country so wishes, setting of voluntary national goals or targets;

(h) Give priority, as appropriate, to reforestation, afforestation and the expansion of forest plantations in national development policies and programmes and national forest programmes or their equivalents in low forest cover countries and small island developing States, bearing in mind that additional financial resources need to be mobilized at all levels to assist these two groups of countries.

III. Recommended measures for the United Nations Forum on Forests

6. The Forum may wish to:

(a) Take advantage of its central role in the United Nations to promote sustainable forest management in global sustainable development and environmental agendas and, in this regard, provide guidance to the Secretary-General on how the Forum contributes to the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries;

(b) Decide on a message to the fifteenth session of the Conference of the Parties to UNFCCC on the potential role of forests and sustainable forest management in mitigating and adapting to climate change within the context of the post-2012 Kyoto commitment period, including opportunities for closer cooperation and collaboration between the Forum and UNFCCC;

(c) Acknowledge the importance of the strategic framework for forests and climate change of the Collaborative Partnership on Forests and call upon Member States, as members of the governing bodies of the member organizations of the Partnership, to support the implementation of the strategic framework;

(d) Decide to review, at its next session, relevant developments in the area of climate change, desertification and land degradation and biodiversity, as well as their implications on the overall themes of the ninth session of the Forum and consider initiating intersessional work in this regard;

(e) Consider initiating work on bioenergy and its effects on forests and sustainable forest management, which could be addressed as an emerging issue at the next session of the Forum;

(f) Address the impact of armed conflicts on forests as an underlying cause of deforestation and forest degradation, as well as the challenges of post-conflict rehabilitation in the future work of the Forum as an emerging issue;

(g) Invite the forest law enforcement and governance processes to review and consider the need to pay more attention to responding to the threats posed by climate change, with special attention given to the needs of high and medium forest cover countries, small island developing States and low forest cover countries;

(h) Recognize the important links between the International Year of Biodiversity (2010) and the International Year of Forests (2011), and call for close cooperation of the Forum and CBD secretariats in the organization and celebration of these events, and invite the Collaborative Partnership on Forests to actively support them;

(i) Continue to consider developments and trends in the forest sector in low forest cover countries, small island developing States and high and medium forest cover countries, taking into account their special circumstances and challenges, the framework of the assessment of progress and review of the global objectives on forests and of the forest instrument for the ninth session of the Forum in 2011 and the eleventh session of the Forum in 2015, respectively;

(j) Continue to support the global forest expert panels initiative of the Collaborative Partnership on Forests and consider making more use of it as a scientific body for assisting the Forum in addressing special and emerging issues.

IV. Recommended measures for the Collaborative Partnership on Forests

7. The Forum may also wish to:

(a) Invite the Collaborative Partnership on Forests to assist countries, upon request, in developing policies and strategies to address in a coordinated and coherent manner the aggregate impact of deforestation and forest degradation, biodiversity loss, climate change and desertification within the framework of their national development programmes, including national forest programmes or their equivalent policies and strategies, and support capacity-building, including capacities for monitoring, reporting and analysis;

(b) Welcome the launching of the Partnership's strategic framework for forests and climate change as a coordinated forest-sector response to climate change and encourage its implementation as the basis for developing and strengthening the capacity of developing countries to respond to the threats of climate change through the application of mitigation and adaptation measures;

(c) Invite the Partnership to provide information on the aggregate impact of deforestation and forest degradation, desertification, loss of biodiversity and climate change on indigenous peoples and other local and forest-dependent communities to the ninth session of the Forum;

(d) Invite the Partnership to explore the possible impact of the food, fuel and financial crises on sustainable forest management and the achievement of the global objectives on forests and present its findings to the ninth session of the Forum.

V. Recommended measures for donors and international organizations

8. The Forum may also wish to:

(a) Invite donor countries, multilateral funding organizations and international organizations to increase funding for sustainable forest management;

(b) Call upon donor countries and international organizations to provide financial resources and promote technology transfer to developing countries, in particular low forest countries, small island developing States and small to medium-sized countries with high to medium forest cover, and to support their efforts to achieve the first global objective on forests on reversing the loss of forest cover worldwide and preventing forest degradation and the third global objective on increasing significantly the area of protected forests worldwide and other areas of sustainably managed forests.

VI. Recommended measures for enhancing cooperation with multilateral environmental agreements

9. The Forum may also wish to:

(a) Invite the Joint Liaison Group for the Rio Conventions (CBD, UNCCD and UNFCCC) to include the secretariat of the Forum in its work when forest-related issues are discussed;

(b) Encourage the secretariats of the Forum and UNCCD to explore possible areas of closer collaboration in implementing the forest instrument and the 10-year strategic plan and framework to enhance the implementation of the Convention to Combat Desertification (2008-2018);

(c) Invite relevant organizations to contribute to the valuation of the full range of goods and services provided by forests as a way to address the underlying causes of climate change deforestation and forest degradation, desertification and loss of biodiversity and to provide case studies to the Forum.

VII. Recommended measures for the secretariat of the Forum

10. The Forum may also wish to:

(a) Explore, in cooperation with members of the Collaborative Partnership on Forests, opportunities for cooperation with forest-related multilateral environmental agreements that are not part of the Collaborative Partnership on Forests, in areas of common interest, where complementarity exists, in order to address climate change, deforestation and forest degradation, desertification and loss of biodiversity more effectively;

(b) Continue to work in close collaboration with the Food and Agriculture Organization of the United Nations (FAO), and other member organizations of the Partnership on the development of an appropriate set of new and existing indicators to support Member States in reporting to the Forum on the first and third global objectives on forests and related policies and measures of the forest instrument, bearing in mind that a major obstacle in assessing progress on preventing forest degradation and combating desertification is the absence of agreed measurable indicators and their regular monitoring at the global level, and also to request the secretariat and the Partnership to report back on progress achieved to the ninth session of the Forum;

(c) Follow up on CBD decision IX/5 on forest biodiversity, which calls for coordinated actions among the secretariats, and to report back on progress achieved to the ninth session of the Forum;

(d) Coordinate with the UNFCCC secretariat and other member organizations of the Partnership on joint initiatives to enhance synergy and complementarity between the UNFCCC and United Nations Forum on Forests processes;

(e) Collaborate with the Joint Liaison Group for the Rio Conventions on the important contribution of forest instrument to the achievement of their respective goals and objectives and on enhancing synergies in the area of forests;

(f) Prepare, in collaboration with members of the Partnership, other relevant multilateral environmental agreements that are not part of the Partnership and regional processes, an analysis of gaps or areas in the field of sustainable forest management that may not be adequately addressed by international forest-related agreements, and to report on the findings to the eleventh session of the Forum.

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United Nations Forum on Forests
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Item 6 of the provisional agenda*
Means of implementation for sustainable forest management

Finance and other means of implementation for sustainable forest management

Report of the Secretary-General**

Summary

The United Nations Forum on Forests has recognized that financing for sustainable forest management is currently not adequate. Thus, for the effective implementation of the non-legally binding instrument on all types of forests (the forest instrument), which was adopted by the General Assembly in 2007, new thinking and bold decisions are needed on forest finance and other means of implementation. Although most countries rely on domestic sources for funding for sustainable forest management activities, official development assistance (ODA) is critically needed in most developing countries and countries with economies in transition. There are serious gaps in ODA and external private sector financial flows to forests, both geographically and thematically. Without addressing these gaps and dedicating specific means and resources to sustainable forest management, it will be a serious challenge for many developing countries to effectively implement the forest instrument.

The present report is built on the outcome of the Forum's Open-ended Ad Hoc Expert Group to Develop Proposals for the Development of a Voluntary Global Financial Mechanism/Portfolio Approach/Forest Financing Framework and its follow-up survey of the views of Member States and major groups. The report recommends the Forum to consider strengthening the forest financial architecture with some concrete components.

* E/CN.18/2009/1.

** The present note was submitted with delay because of the need for updated information.

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The report also presents an overview of and recommendations on other means of implementation, namely, capacity-building, the transfer of environmentally sound technologies, awareness-raising, education and information-sharing on forests, which are equally important for the implementation of the forest instrument and promoting sustainable forest management worldwide.

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I. Introduction

Mandate

1. The present report is prepared to facilitate deliberations on provisional agenda item 6 of the agenda of the eighth session of the United Nations Forum on Forests (see Economic and Social Council decision 2007/277), which includes two sub-items: (a) applying means of implementation, including financial resources, capacity-building and the transfer of environmentally sound technology; and (b) decision on a voluntary global financial mechanism, a portfolio approach and a forest financing framework.

2. It should be noted that, according to the Forum's multi-year programme of work, sub-item (a) will be a recurring "cross-cutting issue" for each session. The specific mandate in Economic and Social Council resolution 2007/40 calls for consideration and decision by the Forum on a voluntary global financial mechanism/portfolio approach/forest financing framework for all types of forests. Thus the report is prepared in two sections. The report on sub-item 6 (b) on finance is presented in section II, followed by section III, on sub-item 6 (a), on other elements of means of implementation (capacity-building, transfer of environmentally sound technologies, awareness-raising, education and information-sharing).

3. It should also be noted that all elements of means of implementation, listed in the multi-year programme of work, are intricately related to each other. For example, technology transfer generates capacity-building in terms of knowledge, skills, education and training, and information. The mobilization of financial resources enables technology development and transfer; brings changes in institutional and managerial skills, ability to invest in capacity-building (training, etc.), and information-sharing systems, education and training, and awareness-raising activities. Likewise, raising awareness creates impetus for more actions, advocacy and mobilization of resources as the public demands certain types of interventions.

II. Financing for sustainable forest management

A. Background

4. Financing for sustainable forest management has been a critical issue throughout the Forum deliberations. Its prominence is obvious from the fourth global objective on forests, which specifically focuses on financing for sustainable forest management in order to achieve the other three objectives. Moreover, Economic and Social Council resolution 2006/49 provides further and broader guidance on enhancing funding potentials from all sources and specifically urges countries to assess and review the current funding mechanisms, including, if appropriate, the possibility of setting up a voluntary global funding mechanism as a contribution towards achieving the global objectives and implementing sustainable forest management. The Council, by its resolution 2006/49, also invited the member organizations of the Collaborative Partnership on Forests (CPF)[1] to take various

[1] The Collaborative Partnership on Forests is comprised of 14 international organizations: Centre for International Forestry Research (CIFOR); Food and Agriculture Organization of the United Nations (FAO); International Tropical Timber Organization (ITTO); International Union

actions aimed at supporting developing countries and countries with economies in transition in accessing additional national and international funding.

5. In order to facilitate the work of the Forum at its eighth session, pursuant to the provisions of Economic and Social Council resolution 2007/40, the Open-ended Ad Hoc Expert Group to Develop Proposals for the Development of a Voluntary Global Financial Mechanism/Portfolio Approach/Forest Financing Framework was convened in Vienna, from 10 to 14 November 2008 (the "Finance Expert Group").[2] At the request of the Secretariat, the Collaborative Partnership on Forests decided to launch the Advisory Group on Finance in December 2007, to support the preparations for the Ad Hoc Expert Group. The Advisory Group conducted two analyses: (a) an update of the Collaborative Partnership on Forests Sourcebook[3] on Funding for Sustainable Forest Management along the lines of the non-legally binding instrument on all types of forests; and (b) an analysis of financial flows and needs to implement the forest instrument,[4] including identifying gaps (also referred to as a "mapping exercise").

6. Before the convening of the Finance Expert Group, a country-led initiative, co-hosted by the Governments of Suriname, the Netherlands and the United States of America, on the same theme was held from 8 to 12 September 2008, in Paramaribo. It explored, inter alia, the concept of a "portfolio approach", one of the options contained in Economic and Social Council resolution 2007/40, and other emerging opportunities, mainly in the area of a climate change regime.[5]

7. As regards financing for sustainable forest management, the note by the Secretariat, prepared for the Finance Expert Group, provides relevant information and policy issues.[6] The mapping exercise and the Collaborative Partnership on Forests Sourcebook update by the Advisory Group on Finance provide detailed data and analyses on current financial flows and their distribution. Thus, it is recommended that those documents be referred to in conjunction with the present report.

B. Current forest financing architecture

8. Financing for sustainable forest management is not adequate, particularly in many developing countries. Funding is required for a wide gamut of forest management activities related to information, planning and silvicultural operations, as well as sustainable harvesting, processing and marketing. Furthermore, funding is

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of Forest Research Organizations (IUFRO); Secretariat of the Convention on Biological Diversity (CBD); Secretariat of the Global Environmental Facility (GEF); Secretariat of the United Nations Convention to Combat Desertification; United Nations Forum on Forests Secretariat; Secretariat of the United Nations Framework Convention on Climate Change; United Nations Development Programme (UNDP); United Nations Environment Programme (UNEP); World Agroforestry Centre (ICRAF); The World Bank; and International Union for Conservation of Nature (IUCN).

[2] See E/CN.18/2009/11.

[3] http://www.fao.org/forestry/cpf-sourcebook/en/.

[4] Markku Simula, "Financing flows and needs to implement the non-legally binding instrument on all types of forests" (see www.un.org/esa/forests/pdf/aheg/finance/AGF_Financing_Study.pdf).

[5] Report of the country-led initiative in support of the Forum on financing sustainable forest management (2008) (see www.clisuriname.com/smartcms/default.asp).

[6] See E/CN.18/2008/2.

needed for education, human resources management, research and technology development, market development, downstream processing, strengthening of legal, policy and institutional frameworks and capacity-building, among other needs.

9. Forest financing sources can typically be categorized as public and private, domestic and international (see table 1); hence the financing architecture for sustainable forest management is broadly based. The majority of financing for forests comes from domestic sources, both public and private.

10. While private sector actors generally mobilize financial resources on their own for operations specific to their areas of interest and competence, the public sector has to provide upfront investments for many activities of sustainable forest management; for policy, legal and institutional support (including research, extension services and provision of direct and indirect incentives); and for ensuring sustained delivery of public goods from forests (including emission reduction, clean water, conservation of soil, wildlife and other forest ecosystem services, recreation, etc.).

11. The latest estimate of total ODA flow to forests is for 2005-2007, at around $1.9 billion per year, which is an increase of about 48 per cent over the data for 2000-2002. However, that increase was primarily due to one bilateral donor source (Japan, which included bilateral loans and credit in its data); without it, the total bilateral ODA would have declined by about 9 per cent.

12. Private foreign direct investment (FDI) flows to forest industries in developing countries amounted to about $0.5 billion per year in 2003-2005. However, the foreign-induced investment is substantially higher, as local financing of investment projects in foreign-owned projects is common in some key countries. As a consequence, the FDI stocks in the wood and paper industries in developing countries increased, reaching an estimated value of $17.8 billion in 2005.

13. In consideration of approaches to enhance financing for sustainable forest management, the following information is highly relevant:

- Country demand for official development assistance for forests (e.g., requests for forest ODA by the recipient countries) is relatively weak, despite the fact that the majority of developing countries need such ODA for sustainable forest management; this seems to be due to various reasons, most notably that forests are not high on national political and development agendas.
- Although most developing countries have been receiving some ODA for forests, its distribution has remained uneven, showing major geographic and thematic gaps. It is notable that only 10 developing countries[7] have been receiving two thirds of total forest ODA, while no funding has been reported for about 30 countries.
- South and South-East Asia have the highest donor presence, followed by Central and South America. On the other hand, Africa as a whole and Western and Central Asia have relatively low levels of donor financing for forests.

[7] Bolivia, Brazil, Cameroon, China, Colombia, Honduras, India, Indonesia, United Republic of Tanzania and Viet Nam.

- Many low forest cover countries do not receive significant external support. Many small or medium-sized countries with relatively large forest cover have received only limited external support.
- Some developing countries with high deforestation rates (above 1 per cent per year) have significant donor presence, while others with similar problems have a limited or complete absence of donor presence (e.g., Comoros, Mauritania, El Salvador and Myanmar).
- Many countries with high or medium forest cover have only a limited presence of external financing agencies (e.g., Angola, Republic of the Congo, Equatorial Guinea, the Democratic People's Republic of Korea, Gambia, Guinea-Bissau, Timor-Leste, and Trinidad and Tobago).
- With few exceptions, small island developing States do not receive any support for forests, although their importance in the maintenance of biodiversity, watershed protection and adaptation to climate change is critical.
- Financing forest restoration is a major gap, particularly in arid and semi-arid regions owing to their low competitiveness for production of timber and non-timber forest products.
- Sources of funding to support sustainable forest management are severely fragmented. A considerable share of forest ODA and other semi-public sources (NGO, philanthropic sources) goes to capacity-building and forest protection, whereas external funding for forests outside protected areas is limited by comparison.
- The forest instrument covers the full suite of activities in support of sustainable forest management, but there is no single fund that covers the full set of measures.
- Private sector financing tends to go to areas where silviculture and enabling conditions are favourable. Foreign private sector investment goes mostly to productive fast-growing plantation forests in a small number of countries in Latin America and Asia. Foreign investment in natural forest management (standing forests) are concentrated in a limited number of forest-rich countries in the Congo basin, the Amazon basin and South-East Asia, although even these sources are relatively recent. Foreign-owned industrial facilities are located more in Asia and Latin America, and Africa is clearly lagging behind.

C. Building blocks for a financing architecture for sustainable forest management

State of the current debate on forest financing architecture

14. The discussions during the meeting of the Finance Expert Group highlighted that the three options contained in Economic and Social Council resolution 2007/40 (i.e., global financial mechanism, portfolio approach and forest financing framework)[8] are essentially three complementary components of a holistic forest financing architecture. Several experts felt that a portfolio approach is already

[8] The note by the Secretariat on financing for sustainable forest management described the possible attributes of those three terms (see E/CN.18/2008/2, paras. 60, 62 and 64, respectively).

inherent in the current finance architecture and that new financing mechanism(s) and fund(s) could be created, if deemed necessary.

15. The deliberations of the Finance Expert Group identified two main options for strengthening the forest financing architecture: a dedicated fund for sustainable forest management and a facilitative mechanism. Several experts emphasized that a dedicated fund would provide a much needed competitive edge to address the gaps in financing sustainable forest management, while others proposed a "facilitative mechanism", with the aim of enhancing coordination among and effectiveness of existing and future funding sources and mechanisms, as well as mobilizing more resources for the implementation of the forest instrument and sustainable forest management. It was also noted that these two options are not mutually exclusive. This view was also reflected in some inputs received from Member States and major groups in the post-Finance Expert Group survey of views of financing options, their modalities and other operational aspects.

16. At the time this report was finalized, 21 responses[9] had been received from 18 individual Member States, the European Union (on behalf of 27 member countries) and two major groups. While some responses were very specific regarding their preferences and provided justifications, others were less so. Some either indicated one option at one place (e.g., a facilitative mechanism), but subsequent responses hinted a preference for another (e.g., a dedicated fund). Some others either expressed the view that there was no single approach to financing sustainable forest management or that they do not have a strong view on either option (dedicated fund or facilitative mechanism).

Addressing the gaps and constraints

17. Owing to great variation in local conditions, estimating financing needs for implementing sustainable forest management is difficult at best. The most detailed effort to assess financing needs for the forest sector has been carried out by the United Nations Framework Convention on Climate Change secretariat in 2007, which concluded with an indicative estimate of $21 billion per year for developing countries.[10] This estimate takes into account only the climate change mitigation aspect of forests, not what is required for the holistic implementation of the forest instrument, which covers all aspects of sustainable forest management. Nevertheless, this estimate is useful for understanding the order of magnitude of the global need.

18. The inadequacy of financial resources is due to multiple factors. There are a number of gaps in terms of thematic and geographical coverage in the flow of forest ODA and external private finance. Some funding gaps are owed to the specific or otherwise narrow scope of individual funding mechanisms or sources (e.g., biodiversity conservation, carbon) that do not cover all aspects of sustainable forest management, nor use it as an integrating concept to enhance all forest benefits. Many other funding gaps are due to the relatively small magnitude of the funds available. Some of these gaps could be partly bridged by better coordination and more efficient utilization of existing sources and mechanisms, and by improving

[9] For original text and details of responses see http://un.org/esa/forests/adhoc-SFMfinance.html.

[10] Investment and financial flows to address climate change, United Nations Framework Convention on Climate Change (October 2007) (see http://unfccc.int/resource/docs/publications/financial_flows.pdf).

the enabling environment and the capacity of recipient countries. However, there are major gaps that would need increased financial resources both from domestic and external sources in order to achieve sustainable forest management.

19. As the "mapping exercise" noted, relatively few developing country poverty reduction strategies have forests mentioned in them; and the demand for official development assistance for forests is found to be weak. This could be addressed by aligning and prioritizing forests in their national development and poverty reduction strategies, but in practice this is often difficult due to competing priorities and the lack of adequate information on the potential for forests to contribute to the national development goals. These limiting factors a priori constrain public resource allocation for forests, both from domestic and external sources. For that reason, a number of experts at the meeting of the Finance Expert Group stated the view that forests need their own dedicated global fund so that adequate funding for sustainable forest management can be assured. From a broader national development strategy, it should also be noted that getting a higher priority for the forest sector should result in an increase in overall ODA. Otherwise, it may as well be a re-distribution of ODA resources at the cost of other equally important national priorities, such as health and education. This may not be a desirable option for many countries.

20. The "mapping exercise" has identified specific activities that need funding as a priority to help attain sustained financing for forests in the long term. Those activities (see table 2) include initial and continued mainstreamed investments. These upfront investments and sound management practices, the analysis postulated, would eventually in the long term help reach the state of self-financing for sustainable forest management through the sustained income-earning capability from two main sources: ecosystem services and forest products.

Implementation of the forest instrument, the key to sustainable forest management

21. As has been well recognized, the concept of sustainable forest management is holistic and broader than the management, utilization or conservation of any one particular product or service. The forest instrument is the first ever comprehensive and action-oriented global strategy towards achieving sustainable forest management. This instrument grew out of the need of the international community to have a strategic framework that strengthens political commitment and action at all levels to implement effectively sustainable management of all types of forests and to achieve the shared global objectives on forests; enhances the contribution of forests to the achievement of the internationally agreed development goals, including the Millennium Development Goals; and provides a framework for national action and international cooperation.

22. This instrument contains specific actions, objectives, timelines and anticipated means for all relevant stakeholders at all levels. Therefore, it is important to devise necessary tools and mechanisms to deliver the commitments and actions contained in this instrument. To this end, catalysing the implementation of the forest instrument is the centrepiece of any decision on improving the financial architecture for sustainable forest management.

Linking with the emerging financing mechanisms in the context of climate change

23. Negotiations on climate change in the past few years spurred new interest in forests as a means for mitigating greenhouse gas emissions. Decision 2/CP.13, of the thirteenth Conference of the Parties to the United Nations Framework Convention on Climate Change, held in Bali in December 2007, relating to reducing emissions from deforestation and forest degradation in developing countries (REDD), has the potential for generating substantial financial resources for certain activities in the forest sector. The twenty-ninth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA), held during the fourteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in December 2008, further discussed this matter and agreed on a set of actions, including studies and inputs from Parties on methodological and other issues, so that a decision on how this potential can be tapped is yet to be made in Copenhagen later this year.

24. Several new financing initiatives in the context of the forest-climate change link have been recently launched with concrete financing components. The World Bank has established the Forest Carbon Partnership Facility to help reduce emissions from deforestation and degradation and to help build capacity for REDD activities. The Facility will test incentive payments in 25 pilot developing countries, operating through its Readiness Fund, which will build capacity, and its Carbon Fund, which will support performance-based payments for realizing emission reductions. The target capitalization is at least $300 million, of which about $155 million from nine countries has already been pledged.

25. The Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) have launched the joint United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries as a collaborative effort to provide coordinated technical assistance in REDD capacity-building to pilot-developing countries. With Norway as the major donor, the United Nations Collaborative Programme will have a portfolio of $35 million and will aim to generate the requisite transfer flow of resources to significantly reduce global emissions from deforestation and forest degradation. The immediate goal is to assess whether carefully structured payment structures and capacity support can create the incentives to ensure actual, lasting, achievable, reliable and measurable emission reductions while maintaining and improving the other ecosystem services forests provide.[11]

26. As a measure for the mitigation of forest-based emissions, enhancement of forest carbon sequestration and adaptive capacity, the World Bank is currently developing a Forest Investment Programme, which is intended to address the key gaps of financing of sustainable forest management in existing and emerging instruments for REDD. The main purpose of the Forest Investment Programme is to support REDD efforts of developing countries, and providing upfront bridge financing for readiness reforms and investments identified through national REDD readiness strategy-building efforts, while taking into account opportunities to help

[11] See www.undp.org/mdtf/un-redd/overview.shtml.

them adapt to the impacts of climate change on forests and to contribute to multiple benefits such as biodiversity conservation and rural livelihoods enhancements. The design process is expected to be completed by May 2009, which will also review related developments in other forums, including the United Nations Forum on Forests. The targeted amount of funding for the proposed Forest Investment Programme is $500 million.

27. In this regard, it would be relevant to take into consideration these new and emerging financing mechanisms related to payment for ecosystem services, in particular those related to climate change. However, it should be underscored that climate change-related financing mechanisms are at different levels of development and applicability to different countries and are highly unlikely to address all the gaps and constraints of financing for the implementation of the forest instrument.

28. In the meanwhile, the Forum could consider ways of improving coordination and cooperation with the climate change process in order to more effectively utilize such mechanisms to advance a mutually supportive agenda for climate change and sustainable forest management.

Attracting financial resources from the private sector for sustainable forest management

29. Financing, by its nature, is a competitive endeavour whether in the public or private arena. Investment flows are greater where financial or societal rewards (pay-offs) are higher, and uncertainties are lower. Competitive areas for investment include an enabling environment with strong policy, legal, institutional and fiscal frameworks; capacity for effective law enforcement; and other measures for enhancing national investment attractiveness. This is particularly true for attracting external private capital for sustainable operations in the forest sector. Issues of absorptive capacity for ODA, aid effectiveness and a certain level of guarantees for private and external public investments have remained as critical impediments to the inflow of capital into sustainable forest management in many countries. As many past conclusions and resolutions of the Forum have highlighted, there is an urgent need to demonstrate and mainstream the significant role of forests in national development priorities and strategies.

30. Any effort to encourage private sector financing for sustainable forest management activities and in the associated downstream processing and trade would need to recognize and address both the constraints experienced by different types of private actors and sources and mechanisms to maintain and enhance public goods from forests. For this, policy and market changes would be needed to increase the profitability and reduce the risks of investments in sustainable forest management practices while increasing private sector investment risks for the unsustainable exploitation of forests.

A critical context in 2009: the current global financial crisis

31. The year 2008 witnessed an unprecedented global financial meltdown, the worst seen since the Great Depression of the early twentieth century.[12] According to the International Monetary Fund (IMF) forecast of 28 January 2009, world growth is projected to fall to 0.5 per cent in 2009, its lowest rate since the Second World War. Growth in emerging and developing economies is expected to slow sharply from 6.25 per cent in 2008 to 3.25 per cent in 2009, under the drag of falling export demand and an absence of financing, lower commodity prices, and much tighter external financing constraints (especially for economies with large external imbalances).[13]

32. Despite stimulus actions by major industrialized governments, recovery from this crisis seems that the world is in for a long haul. Together with the food crisis, this global financial crisis will most likely substantially set back progress towards the achievement of the Millennium Development Goals, in particular poverty eradication. The tightening access to credit and weaker growth will cut into public revenues and limit the ability of developing country governments to make the necessary investments in natural resources, education, health and other human development. Loss of jobs would force people to forage in forests for food, protein, energy and land, thus further exacerbating pressure on forests, other natural resources and the environment. Furthermore, increases (or even continuation at the current level) in ODA from donor countries also seems unlikely in the near future. This will reflect on ODA for forests as well.

Being realistic, getting on the right track and adopting a pragmatic approach

33. Being realistic means acknowledging that countries, in particular developing countries, lack adequate financing for sustainable forest management and that the estimated financing needs as mentioned in this report are beyond the capacity of the international community in the short or medium term. However, that does not mean that action should not be taken. In order to be a progressive realist, the Forum needs to take concrete and meaningful steps on this issue at the current session, mobilize increased financing from existing sources, utilize existing mechanisms and explore the possibility of new financing and funds.

34. To seize the political momentum generated by the adoption of the forest instrument, the Forum is at the right juncture to address the long-standing debate on financing sustainable forest management with a reasonable, practical and modest beginning. It is obvious that financing sustainable forest management is an evolving and long process that requires collaborative planning, and sustained and systematic efforts by all stakeholders at all levels. Nevertheless, in order for the Forum to effectively review the implementation of the forest instrument, within the limited timeframe of the its multi-year programme of work (2007-2015), a decision on this issue must be taken at this session. This decision should devise concrete actions that address both short-term and long-term measures by the Forum on financing sustainable forest management. Such a decision by the Forum would demonstrate

[12] *World Economic Situation and Prospects 2009* (United Nations publication, Sales No. E.09.II.C.2) (New York, 2009); available at www.un.org/esa/policy/wess/wesp.html.

[13] International Monetary Fund, "Global Economic Slump Challenges Policies", *World Economic Outlook Update* (28 January 2009); available at www.imf.org/external/pubs/ft/weo/2009/update/01/pdf/0109.pdf.

the strong desire of the international community to implement the forest instrument agreed to by all 192 countries of the United Nations. It will also ensure that we are on the right track towards finding a reliable and lasting solution to this matter.

Shaping a facilitative mechanism to catalyse the implementation of the forest instrument

35. Bilateral and multilateral development assistance programmes relevant to different aspects of sustainable forest management from donor sources exist in varying forms, scope and magnitude. However, the missing chain is a platform and mechanism that catalyses the implementation of the agreed actions in the forest instrument. A facilitative mechanism could provide such a platform, which could also help in exchange of information. It could help link sources and beneficiaries, contribute to cooperation and coordination, and mobilize new and additional financing from all sources, including the private sector, to advance the implementation of the forest instrument.

36. The facilitative mechanism ideally should have sufficient resources in order to catalyse the implementation of the forest instrument and thereby address serious gaps in sustainable forest management financing. However, to start its work immediately, it would need "seed money", for example, within the Forum trust fund.

37. The facilitative mechanism should be innovative and act as an efficient vehicle to integrate the concepts of the portfolio approach, emerging sources and mechanisms, and dedicated funds, and also create a new momentum to enhance the capacity of countries to implement the forest instrument. Meanwhile, the mechanism should also have the built-in flexibility to link with any other relevant mechanisms, including climate change-related mechanisms; for example, that of the soon-to-be-established Forest Investment Programme of the World Bank.

38. The members of the Collaborative Partnership on Forests are in a unique position to benefit from this mechanism in order to further support countries in building capacity for sustainable forest management and effectively implement the forest instrument, including through further development and implementation of national forest programmes.

39. The facilitative mechanism should start its activities immediately after the present session and work intersessionally. This would allow the Forum, at its next session, to review the initial outcomes of the work carried out by the mechanism, and to provide further guidance for its future work.

D. Conclusion and recommendations on financing for sustainable forest management

Conclusion

40. **This report underlines the three fundamental points about financing sustainable forest management: (a) there are numerous funding sources relevant to forests (some specifically for the forest sector, while others have windows for financing forests, e.g., biodiversity conservation); (b) financing is currently inadequate in most developing countries and countries with economies in transition; and (c) there is no specific funding dedicated exclusively to promoting management, conservation and sustainable**

development of all types of forests and to implementing the newly adopted forest instrument. These factors should be the basis for any consideration in further developing or reforming the forest financing architecture.

Recommendations

41. **The Forum may wish to:**

(a) Recognize the insufficiency of the current funding for sustainable forest management, in particular, for the implementation of the forest instrument;

(b) Stress that financing sustainable forest management contributes extensively to the achievement of the Millennium Development Goals and the global efforts to fight climate change, combat desertification, and protect the Earth's biodiversity, along with other numerous benefits for the betterment of the livelihoods of the people across the globe;

(c) Underscore the relationship between the food and financial crises and the achievement of sustainable forest management;

(d) Emphasize the urgent need to allocate specific funding for the implementation of the forest instrument and the global objectives on forests therein;

(e) Call for maximizing the synergy and effective cooperation among existing and new initiatives and partnerships on sustainable forest management, and in particular with the member organizations of the Collaborative Partnership on Forests;

(f) Invite relevant intergovernmental processes and institutions, in particular the United Nations Framework Convention on Climate Change and the World Bank, to make sure that the final outcomes of their works, including on REDD and the Forest Investment Programme, reinforce the implementation of the forest instrument, including its global objectives on forests, and are consistent with the goals of the sustainable forest management;

(g) Decide to establish, under the auspices of the Forum, a facilitative mechanism to catalyse the implementation of the forest instrument with dedicated funds;

(h) Decide further that the functions of the facilitative mechanism include:

(i) enhancing coordination and coherence among relevant funding sources and mechanisms to catalyse the implementation of the forest instrument at all levels;

(ii) identifying new and additional financial resources from all sources, and exploring investment opportunities and funding, including a portfolio approach and the creation of targeted financial mechanisms/funds for the implementation of the forest instrument;

(iii) encouraging the development of strategies to outline short, medium and long-term planning for achieving sustainable forest management;

(iv) promoting partnerships and joint programmes with a variety of stakeholders to foster the implementation of the forest instrument;

(v) further encouraging participation of multiple stakeholders, including the private sector, local and indigenous communities and NGOs, in sustainable forest management activities;

(vi) giving due regard to the needs of groups of countries and regions with serious forest management challenges and financial constraints, for example, Africa, low forest cover countries, small island developing States and high forest cover countries with low deforestation;

(vii) promoting international cooperation, including North-South, South-South and triangular cooperation to advance the implementation of the forest instrument;

(viii) enabling the Forum to provide policy advice to a sustainable forest management-related funding mechanism, such as the World Bank Forest Investment Programme;

(i) Decide also to start the work of the facilitative mechanism, immediately following the eighth session, and to review the initial results of its intersessional work at the ninth session of the Forum, with a view to taking further measures to improve the functioning of the mechanism;

(j) Request the Forum secretariat to take necessary steps to implement this decision;

(k) Invite the Collaborative Partnership on Forests member organizations to support the work of the facilitative mechanism;

(l) Reiterate that in starting the work of this facilitative mechanism, the following considerations should be fully taken into account:

(i) contribution to the facilitative mechanism is voluntary; however, to perform its duties, the mechanism requires a solid funding basis for its immediate implementation;

(ii) the facilitative mechanism is not a policy-setting mechanism, and it functions under the authority and guidance of the Forum;

(iii) the important role of the Collaborative Partnership on Forests, including the Advisory Group on Finance, and the outcome of its work on gap analysis and financing should be recognized.

III. Other means of implementation for sustainable forest management

A. Capacity-building, transfer of environmentally sound technologies, awareness-raising, education and information-sharing on forests

42. The Intergovernmental Panel on Forests (IPF) concluded as early as 1997 that there existed an unprecedented accumulation of technological capability in the

world, including for forestry, but much of it remained largely unrecognized, underutilized and inadequately shared.[14] The Panel emphasized the need for the transfer of environmentally sound technologies in the forest sector to enable countries to manage, conserve and sustainably develop their forests. It also noted that new technologies are predominantly developed in the North and in the private domain, and emphasized the need for strengthening North-South cooperation in technology transfer under favourable (concessional) terms. It also recognized the importance of South-South cooperation and trilateral North-South-South cooperation. The Panel urged countries and organizations to formulate conducive policies and programmes, prepare inventories of the most appropriate forest-related technologies, develop improved forest information systems and capacity to utilize such information in the implementation of national forest programmes and sustainable forest management practices.

43. The Intergovernmental Forum on Forests (IFF) further reviewed at its fourth session the transfer of environmentally sound technologies and capacity-building issues.[15] It urged organizations to act as clearing house mechanisms for the transfer of environmentally sound technologies. It also noted the importance of human and institutional capacity-building; and the special need for rehabilitation technologies for critical areas, information-sharing and capacity-building and targeted outreach programmes for women.

44. National reports have repeatedly identified greater need of technologies in the following areas: (a) development of information management systems for sustainable forest management; (b) utilization of modern monitoring and assessment technologies, including remote sensing and geographic information systems and tools for early warning for specific threats, such as fire; (c) improved harvesting and silvicultural practices; and (d) more efficient wood processing and utilization technologies.[16] The Ad Hoc Expert Group on the Finance and Transfer of Environmentally Sound Technologies, convened in December 2003, identified a number of areas where the transfer of modern technology and knowledge are needed, including socially and environmentally sound management systems, remote sensing and geographic information system technologies, pulp and paper technology, bio-energy production technology and biotechnology development for a wide range of forest products, including non-wood products. Industry can provide assistance in addressing the competitiveness of environmentally sound technologies utilized in industrial applications.[17] The two county-led initiatives on transfer of environmentally sound technologies, one in Managua, in 2003, on mangrove forests and one in Brazzaville, in 2004, on general sustainable forest management also explored in detail the challenges and opportunities.

45. Economic and Social Council resolution 2006/49 highlighted several priority areas related to means of implementation. In addition to a strong call for financial resources and developing innovative financing mechanisms, the resolution called for greater support for scientific and technological innovation, the transfer of environmentally sound technologies, traditional knowledge and technologies, and capacity-building, building capacity of countries to significantly increase the

[14] See E/CN.17/1997/12.
[15] See E/CN.17/2000/14.
[16] See E/CN.18/AC.2/2003/3.
[17] See E/CN.18/2004/5.

production of forest products from sustainably managed forests and effectively combating illegal forest practices. The empowerment of stakeholders, especially local and forest-dependent communities, indigenous peoples, women, small-scale private forest owners and forest workers in sustainable forest management, was also underscored in the resolution.

46. The forest instrument further addressed different means of implementation. Reaffirming elements already contained in Economic and Social Council resolution 2006/49, the instrument further emphasized the need for capacity-building through education, training, extension programmes, and public awareness and sharing of information on sustainable forest management, best practices and lessons learned.

47. National reports received for the eighth session shed light on some of the country experiences in capacity-building, technology transfer, public awareness and education. A number of countries noted the importance of capacity-building and technology transfer in achieving sustainable forest management. As part of capacity-building, reforming and updating the legislative and policy frameworks have been undertaken by a number of countries. Countries affected by illegal trade in forest products have started adopting new technology in tracking timber movement and using third party verification of legality in some instances. Some countries highlighted education and training as part of enhancing capacity domestically as well as in international cooperation programmes. Countries that have national forest programmes have found them a useful framework for capacity-building.

48. At the international level, initiatives are being launched to support countries in building their capacity, in awareness-raising and in accessing relevant updated information. Noteworthy among these are the publication of the FAO Global Forest Resources Assessment, *State of the World's Forests*, the Collaborative Partnership on Forests Strategic Framework on Climate Change, Vital Forest Graphics (UNEP, FAO and the United Nations Forum on Forests secretariat), the web-based Collaborative Partnership on Forests Sourcebook on Funding for Sustainable Forest Management, and Global Forest Information Service. These and many other similar initiatives of other entities and processes, such as the Partnerships, NGOs and multilateral organizations, provide valuable information and a knowledge base for forest managers and stakeholders.

49. Public awareness and education were mentioned in several of the national reports. Formal forestry education is found in increasingly few specialized colleges and universities. The courses are increasingly being revised, with a focus on sustainability and related emerging aspects of forestry. Promoting awareness is critical in forestry, and for that reason countries are paying increased attention to informing, educating and engaging the public on many aspects of sustainable forest management. Some countries have in place a professional holiday with visible events, involving the broader community, especially the youth. Others run awareness campaigns, especially on forest fires and other forestry-related issues. Educational activities often include producing exhibitions, films, magazine articles and information materials and running visitor centres. In implementing these programmes, countries are resorting more and more to modern technology such as dedicated websites.

50. The General Assembly, by its resolution 61/193, decided to declare 2011 the International Year of Forests, which will provide a great opportunity to raise the awareness and profile of forests to the public.

51. At the regional level, partnerships such as the Asia Forest Partnership have been instrumental in sharing information and lessons learned among the governmental and other stakeholders in the regions. Since 2007, some regional forestry commissions have launched forestry weeks in conjunction with their biennial sessions as a means to share knowledge and experiences and build networks among forestry practitioners.

52. The preceding discussion on finance has identified key areas for capacity-building at different levels in developing countries. It should be noted that at the meeting of the Finance Expert Group many experts highlighted the importance of capacity-building as a prerequisite for effective action and sustainability. Members identified the needs for capacity-building in the following areas: understanding and making use of the various existing and emerging international instruments and initiatives; developing sound projects; coordinating activities based on different funding programmes; ensuring effectiveness in the use of funds; and effective stakeholder engagement, including indigenous and other forest-dependent peoples. These are generic areas that need to be strengthened urgently. One important emerging area where assistance is needed both in terms of technology transfer and capacity-building is forest-based carbon accounting, a subject of intense work in the context of the United Nations Framework Convention on Climate Change and REDD. Accordingly, any development of a financing architecture for sustainable forest management should effectively address the challenges of inadequate capacities of forest institutions.

B. Conclusion and recommendations on capacity-building, transfer of environmentally sound technologies, awareness-raising, education and information-sharing on forests

Conclusion

53. **Countries are in need of different types of means of implementation to achieve sustainable forest management and to effectively implement the forest instrument. Depending on the level of economic development, technological advancement, historic tradition and institutional framework, different countries have different inherent capabilities. As such, the needs vary among countries. Nevertheless, capacity-building, technological innovation and diffusion (development and transfer), information-sharing, education and awareness-raising are the key elements of means of implementation that are constantly evolving and always in demand.**

54. **Most of the means of implementation are intricately linked to the financing aspect of sustainable forest management, and any decision on a financial architecture for sustainable forest management would directly impact on the availability of these means of implementation.**

55. **The Forum and its predecessor process (IPF/IFF) have reviewed in great detail the state of play on those elements and developed a number of international policy measures, which are still valid. Nevertheless, the forest**

instrument provides a renewed impetus and a comprehensive framework for concerted and coordinated effort for capacity-building, technology development and transfer, education, information-sharing and awareness-raising activities, including through the Collaborative Partnership on Forests. It is also true that the implementation of the forest instrument presents a challenge to countries in mobilizing all kinds of means of implementation. A greater understanding of the delivery of means of implementation to countries in need is paramount at this stage. In this regard, consideration of a new financial architecture for forests is a timely development.

56. Special attention should be paid to the rapidly developing forest-climate change mechanisms such as REDD. National forest institutions and other stakeholders (forest owners, forest concessionaires, industry owners, and indigenous and local communities) have to rapidly strengthen their understanding and capacities to deliver forest carbon as a product (service) and perform related activities, including accounting, marketing and negotiations.

57. It should be noted that different actors, including Governments, multilateral organizations, the private sector and local communities, have different potentials and can play different roles in capacity-building, technology development and transfer, research, information-sharing and other implementation supports. The member organizations of the Collaborative Partnership on Forests have been playing and may continue to play a special role in these efforts.

58. The private sector (e.g., through foreign direct investment) is a potent source for technology transfer and capacity-building through the diffusion of newer technologies, management skills and knowledge. Such diffusion could take place among the private sector entities of all countries, developing and developed. Encouraging North-South, South-South and triangular cooperation and public-private partnerships may pave the way for technology and capacity-building processes.

59. Involvement of stakeholders at the national level is critical for sustainable forest management. Women in particular are crucial, as they are the ones who have to bear most of the brunt in collecting firewood and foraging for protein in forests in developing countries.

Recommendations

60. The Forum may wish to consider, inter alia, the following issues:

(a) Request the Forum secretariat, as part of the upcoming review in 2011, to analyse the implementation of the previous decisions on means of implementation in the Forum and its predecessor bodies;

(b) Encourage the Collaborative Partnership on Forests and its member organizations to implement the actions agreed to by the Forum;

(c) Encourage further collaboration and coordination among countries, research and educational institutions, non-governmental organizations and the private sector, with a view to further developing partnerships with countries in different regions (North-North, North-South, South-South and triangular cooperation);

(d) **Support further the development of concrete initiatives on capacity-building, the transfer of environmentally sound technologies, awareness-raising, education and information-sharing for the achievement of sustainable forest management;**

(e) **Request the members of the Collaborative Partnership on Forests, in view of the importance of forest carbon in the climate change equation, to intensify their work in capacity-building related to forest carbon accounting and reporting, within the context of sustainable forest management.**

Table 1
Overview of forest financing sources

	Financing sources	*Domestic*	*International*
Public	**Governments**	Investments by national and local governments through subsidies, soft loans, non-monetary incentives, direct investment	Bilateral ODA (grants, recoverable grants, concessional loans, etc.) Multilateral ODA institutions: World Bank/International Development Association, GEF, ITTO, FAO, UNEP, UNDP, Global Mechanism, regional development banks (grants, investment lending, investment guarantees) Multilateral targeted programmes: Program on Forests, Forest Law Enforcement and Governance, Consultative Group on International Agricultural Research, Bali Partnership Fund, national forest programmes (grants, co-financing)

	Financing sources	*Domestic*	*International*
			Multilateral financial institutions: International Finance Corporation, International Bank for Reconstruction and Development, regional developments banks
Private	**Forest industry**	Direct investments (including small and medium enterprises)	Foreign direct investment (FDI)
	Financial institutions and institutional investors	Short and long-term credit	Short and long-term credit
		Portfolio investment	Portfolio investment
		Targeted credits	Export credits
		Insurance and re-insurance	Guarantee instruments
			Insurance and re-insurance
	Philanthropic	Financial support to national NGOs and targeted beneficiary groups	Financial support to international NGOs and targeted beneficiary groups
	Conservation NGOs (self-financing)	Financial support to national NGOs and targeted beneficiaries (project funding)	Financial support to international NGOs (programme/project funding)
			Twinning arrangements
	Other NGOs and civil society organizations (self-financing)	Financial support to national civil society organizations and targeted beneficiaries (project funding)	Financial support to international civil society organizations (programme/project funding)
			Twinning arrangements

Financing sources	*Domestic*	*International*
Payments for ecosystem services	Watershed protection payments	Carbon payments (regulatory and voluntary market)
	Carbon payments	
	Fresh water supply payments	Biodiversity
	Nature-based/eco-tourism	Nature-based/eco-tourism
	Landscape, recreation and other payments for forest services	Bioprospecting

Source: Markku Simula, "Financing flows and needs to implement the non-legally binding instrument on all types of forests" (October 2008), with some adjustments and elaboration.

Table 2
Sustained financing of sustainable forest management

Initial upfront investment	*Mainstreamed upfront investment*	*Sustained financing*
1. Analytical work (drivers of deforestation and forest degradation, barriers to sustainable forest management, payments for ecosystem services market potential, etc.)	1. Implementation of policy reforms (including cross-sectoral impacts on forests)	**Forest products and services**
2. Stakeholder participation and engagement	2. Restructuring of institutions	1. Timber
3. Planning (national forest programmes, specific national strategies, e.g., REDD, bioenergy, forest biodiversity)	3. Land-use zoning, planning and monitoring of land-use change	2. Non-timber forest products
4. Information base (resource assessment, baselines, reference scenarios)	4. Strengthening of forest land tenure (demarcation, titling)	3. Eco-tourism
5. Monitoring and verification system design	5. Strengthening of law enforcement	4. Other services
	6. Restoration of degraded lands and forests	**Payments for ecosystem services schemes**
		1. REDD payments
		2. Sink creation payments (afforestation, reforestation, forest management)
		3. Biodiversity offsets
		4. Landscape offsets
		5. Watershed conservation offsets

Initial upfront investment	*Mainstreamed upfront investment*	*Sustained financing*
6. Safeguards and sustainable forest management guidelines development	7. Strengthening of stakeholder constituencies (smallholders, forest communities, civil society, private sector)	6. Bundled services
7. Initial capacity-building	8. Infrastructure development	
8. Programme and project design	9. Forest protection (fire, pests, diseases, etc.)	
	10. Education, training and extension — smallholders, communities, small and medium enterprises — forest managers	
	11. Research and innovation (silviculture, harvesting, utilization)	
	12. Market-based and other voluntary instruments and implementation of sustainable forest management by smallholders, community forests, small and medium enterprises, etc.	
	13. Company-community/ smallholder partnerships	
	14. Implementation of monitoring and verification systems	

Source: Markku Simula, "Financing flows and needs to implement the non-legally binding instrument on all types of forests" (October 2008).

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Enhanced cooperation and policy and programme coordination, including the provision of further guidance to the Collaborative Partnership on Forests

Enhanced cooperation and cross-sectoral policy and programme coordination

Report of the Secretary-General

Summary

The purpose of the present report is threefold: first, to provide a brief non-exhaustive overview on some of the activities undertaken since the seventh session of the United Nations Forum on Forests related to enhanced cooperation and policy and programme coordination on forest-related issues among relevant international and regional organizations, institutions and instruments, including the Collaborative Partnership on Forests; secondly, to highlight further possibilities for cooperation especially in light of the multi-year programme of work of the Forum for the period 2007-2015, the non-legally binding instrument on all types of forests and its global objectives; and finally, to facilitate the deliberations of Member States in the eighth session of the Forum by proposing some points for consideration.

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I. Introduction

1. As stated in Economic and Social Council resolution 2000/35, one of the main functions of the international arrangement on forests and the United Nations Forum on Forests is to enhance cooperation and policy and programme coordination on forest-related issues among relevant international and regional organizations, institutions and instruments, as well as to contribute to synergies among them, including coordination among donors (see paras. 2 (c) and 3 (a) of the resolution).

2. The Economic and Social Council further elaborated the issue of enhancing cooperation and policy and programme coordination in paragraphs 7 to 9 of its resolution 2006/49. The guidance for countries included: facilitation of implementation of the proposals for action of the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests by clustering and simplifying the language and promoting greater stakeholder understanding of the intent of the proposals; strengthening of forest education and research and development; strengthening of cooperation and partnerships at the regional level; and establishing or strengthening multi-stakeholder partnerships and programmes. The Collaborative Partnership on Forests (CPF) was invited to promote the exchange of experiences and good practices related to sustainable forest management and consider the feasibility of serving as a clearing house to facilitate access by developing countries, as well as countries with economies in transition, to better technology for sustainable forest management. The relevant multilateral environmental agreements, instruments, processes and United Nations bodies were invited to improve collaboration and cooperation with the international arrangement on forests.

3. At its seventh session, the Forum agreed to the non-legally binding instrument on all types of forests (hereinafter "the forest instrument")[1] and the General Assembly adopted the instrument on 17 December 2007 (resolution 62/98, annex). While recommending the adoption of the forest instrument to the General Assembly, the Economic and Social Council, in paragraph 5 of its resolution 2007/40, invited the Forum to establish and maintain cooperation with relevant multilateral environmental agreements, instruments, processes and United Nations bodies, relevant international and regional organizations, institutions and major groups in order to facilitate enhanced cooperation to achieve the purpose of the instrument.

4. One of the purposes of the forest instrument is to provide a framework for international cooperation and it includes a section on measures for Member States on achieving this purpose. These measures include enhancing bilateral, regional and international cooperation with a view to promoting international trade in forest products from sustainably managed forests and enhancing cooperation to address illicit international trafficking in forest products through the promotion of forest law enforcement and good governance at all levels (ibid., paras. 1 (c) and 7 (g)-(i)). Promotion of international technical and scientific cooperation, including South-South cooperation and triangular cooperation, and strengthening of cooperation and partnerships at the regional and subregional levels were called for in order to promote sustainable forest management. Member States were also requested, as members of the governing bodies of the organizations that form CPF, to ensure that the forest-related priorities and programmes of the CPF members are integrated and mutually supportive, taking into account relevant policy recommendations of the

[1] See E/2007/42, chap. I, sect. A.

Forum. Members States should also support CPF to develop and implement joint activities (ibid., paras. 7 (n) and 7 (q)-(s)).

5. In relation to national policies and measures Member States should also identify and implement measures to enhance cooperation and cross-sectoral policy and programme coordination among sectors affecting and affected by forest policies and management, with a view to integrating the forest sector into national decision-making processes and promoting sustainable forest management, including by addressing the underlying causes of deforestation and forest degradation, and by promoting forest conservation (ibid., para. 6 (k)).

6. At its seventh session, the Forum also adopted the multi-year programme of work of the Forum for the period 2007-2015.[2] In the programme, one of the common agenda items for the Forum sessions during those years is enhanced cooperation and cross-sectoral policy and programme coordination, including activities and inputs of CPF.

7. The purpose of the present report is threefold: first, to provide a brief non-exhaustive overview on some of the activities undertaken since the seventh session of the Forum relevant to enhanced cooperation and policy and programme coordination on forest-related issues among relevant international and regional organizations, institutions and instruments; secondly, to highlight further possibilities for cooperation especially in light of the forest instrument, its global objectives and the multi-year programme of work of the Forum on Forests; and finally, to propose some points for consideration by the Forum.

II. Cooperation and coordination with the main United Nations intergovernmental bodies, and within the United Nations Secretariat

A. Functional commissions, the Economic and Social Council and the General Assembly

8. The Annual Ministerial Review of the Economic and Social Council, which was mandated by Heads of State and Government at the 2005 World Summit, assesses the progress made in the implementation of the Millennium Development Goals and other goals and targets agreed at the major United Nations conferences and summits. The secretariat of the Forum contributed substantively to the preparation of the 2008 report of the Secretary-General entitled "Annual ministerial review: implementing the internationally agreed goals and commitments in regard to sustainable development". In addition, the Chairman of the Bureau of the eighth session of the Forum participated at the meeting between the chairpersons of the functional commissions and the Economic and Social Council Bureau, which took place in New York in January 2008. The meeting discussed ways and modalities for strengthening policy coherence between the Council and its subsidiary bodies, as well as practical ways to enhance the commissions' contribution to the work of the Council. In the next meeting, held in January 2009, each of the commissions is to

[2] Ibid., chap. I, sect. C, resolution 7/1.

highlight any measures it has taken to increase the synergy of its work with that of the Council.

9. The Commission on Crime Prevention and Criminal Justice, a functional commission of the Economic and Social Council adopted, at its sixteenth session, resolution 16/1 entitled "International cooperation in preventing and combating illicit international trafficking in forest products, including timber, wildlife and other biological resources",[3] which calls for a closer cooperation with the Forum. The role of the Forum is essential in discussing and combating forest-related illicit activities, hence strengthened collaboration between the Forum and the Commission would significantly assist in meeting the challenges brought by illicit forest activities, as well as illegal harvesting of forest products and associated trade and support further work on forest law enforcement and governance. A meeting of the open-ended Expert Group on International cooperation in Preventing and Combating Illicit International Trafficking in Forest Products, including Timber, Wildlife and Other Biological Resources took place in Jakarta in March 2008. The report of the Expert Group (E/CN.15/2008/20) was later presented to the Commission at its seventeenth session, in April 2008. The secretariat of the Forum was invited by the United Nations Office on Drugs and Crime to attend the Expert Group meeting.

10. The United Nations Millennium Declaration continues to provide a framework for the work of the United Nations and its Member States in the development field. The importance of forests is highlighted in the Declaration and the Millennium Development Goals. In 2008, the United Nations published *The Millennium Development Goals Report 2008*,[4] a comprehensive global assessment of progress made in the implementation of the Millennium Development Goals and challenges ahead. The publication is based on work carried out by the Inter-Agency and Expert Group on Millennium Development Goals Indicators in which the secretariat of the Forum has also participated. The report provides evidence for the eight Millennium Development Goals, showing what has been accomplished and also outlines what still needs to be done by 2015. It includes detailed information on how deforestation has slowed down and more forests are designated to biodiversity conservation.[4] A High-level Event on the Millennium Development Goals was convened in New York on 25 September 2008, in the context of the general debate of the sixty-third session of the General Assembly. The main objectives were also to review progress and identify existing gaps to achieve the Millennium Development Goals. Initiatives and commitments related to forests included considerable financing of the initial phase of the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (United Nations REDD Programme) by Norway (with the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP), and the United Nations Environment Programme (UNEP)). Norway also committed to contribute significantly to the Amazon Fund for reducing deforestation in the Amazon, and Finland is increasing its financing in sustainable forestry.[5]

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[3] See E/2007/30/Rev.1, chap. I, sect. D.

[4] See United Nations, *The Millennium Development Goals Report* (New York, 2008).

[5] See http://www.un.org/millenniumgoals/2008highlevel/, accessed 8 January 2009.

B. Department of Economic and Social Affairs

General

11. To increase coordination within the Department of Economic and Social Affairs and to address more efficiently key issues relevant to economic and social affairs, several task forces have been created within the Department, in order to identify the main challenges and propose solutions and strategies. The secretariat of the Forum had an active role in the departmental discussions in these task forces, which include especially the Task Force on Climate Change, the Task Force on Conflict Prevention, Peacebuilding and Development, in particular its discussions concerning natural resources management and forests in conflict and peacebuilding, and the Task Force on Indigenous Issues.

12. The Executive Committee of Economic and Social Affairs (ECESA) is an inter-agency process which aims at sharpening the contribution that each United Nations entity in the economic and social field makes to the overall objectives of the Organization by reducing duplication of effort and facilitating greater complementarity and coherence regarding economic and social affairs. Through its thematic clusters, ECESA identifies and exploits ways of pooling resources and services in order to facilitate joint strategic planning and decision-making, maximize programme impact and minimize administrative costs. The secretariat of the Forum continued to actively participate in the work of ECESA and, together with the Division on Sustainable Development, the secretariat serves as focal point, within the Department of Economic and Social Affairs to the ECESA cluster on sustainable development, human settlements and energy.

13. The secretariat of the Forum and the Office of the Special Adviser on Africa hosted an Economic and Social Council Ministerial Round-table Breakfast entitled "Promoting pro-poor generation of wealth, food security and peace through sustainable forest management: global realities and regional innovations" in Geneva in July 2007. The event was organized to highlight the critical role of forests in rural development and pro-poor growth, and to foster dialogue on priority issues related to sustainable forest management.

14. In July 2007, the Department of Economic and Social Affairs issued *The United Nations Development Agenda: Development for All* on the goals, commitments and strategies agreed at the United Nations conferences and summits since 1990.[6] The publication has a section in chapter 5 dealing with forest issues such as sustainable forest management, the role and activities of the Forum, as well as the forest instrument.

United Nations Permanent Forum on Indigenous Issues

15. The secretariats of the two Forums have been working in close collaboration on a number of issues and activities. The secretariat of the Forum on forests participates in the Inter-Agency Support Group on indigenous peoples as well as the Task Force already mentioned in paragraph 11 above. The secretariat of the Forum sent a message to the United Nations Permanent Forum on Indigenous Issues on the occasion of the International Day of the World's Indigenous People, on 9 August 2008, highlighting the close links between forests and the indigenous communities

[6] United Nations publication, Sales No. E.07.1.17.

that live in and near forests. The secretariat of the Forum participated in the international expert group meeting on the role of the Permanent Forum on Indigenous Issues in the implementation of article 42 of the United Nations Declaration on the Rights of Indigenous Peoples, held in New York from 14 to 16 January 2009, and will also be contributing to the Department's input to the in-depth dialogue of United Nations system agencies and funds at the upcoming eighth session of the Permanent Forum on Indigenous Issues, taking place from 18 to 29 May 2009.

16. The adoption of both the United Nations Declaration on the Rights of Indigenous Peoples and the forest instrument presents new opportunities for collaboration and cooperation between the secretariats of the two Forums. The Declaration recognizes the role of indigenous peoples in the sustainable and equitable development of their land and other resources. The forest instrument includes substantial recognition for the rights and needs of local and indigenous communities and addresses the protection and use of traditional forest-related knowledge and practices in sustainable forest management, and the need for enhanced access to forest resources and relevant markets to support livelihoods of forest-dependent indigenous communities, living in and outside forest areas. Indigenous peoples' groups were active in major group consultations held throughout 2007 and 2008, and are expected to contribute actively to the upcoming eighth session of the Forum, including through the multi-stakeholder dialogue.

Commission on Sustainable Development

17. The secretariats of the Forum and the Commission on Sustainable Development have been working closely on issues of common interest. The secretariat of the Forum collaborated with the Commission's secretariat in supporting the preparation of the International Conference on Combating Desertification. The Conference took place in Beijing, from 22 to 24 January 2008 and was organized by the State Forestry Administration of China and the Department of Economic and Social Affairs. The Beijing Statement on Combating Desertification and Promoting Sustainable Development (see E/CN.17/2008/15, annex I) recognizes the importance of forests in both preventing desertification and land degradation as well as in rehabilitating degraded lands; it also states that the implementation of the forest instrument provides a framework for advancing sustainable forest management and its contribution to combating desertification, mitigating climate change and preserving forest biological diversity.

18. In the context of the discussion on the thematic cluster of issues of the sixteenth session of the Commission on Sustainable Development on agriculture, rural development, land, drought, desertification and Africa, some of the underlying causes of deforestation and forest degradation were reviewed extensively. During this session, it was stressed that poverty eradication as an overarching objective of sustainable development will not be achieved unless sustainable agriculture and rural development are implemented and the efforts to combat drought and desertification are scaled up through changing production and consumption patterns and reducing deforestation and forest degradation. In addition, it was highlighted

that activities such as environmentally sound small-scale mining and forest conservation and management offer the potential for diversifying rural economy.[7]

III. Cooperation and coordination with international organizations, instruments, institutions and programmes, within and outside the United Nations system, relevant to the forest sector

A. Collaborative Partnership on Forests

19. The Collaborative Partnership on Forests provides vital support to the work of the Forum by enhancing cooperation and coordination among its member organizations including through joint initiatives and collaborative activities. In 2007-2008, the Partnership not only continued working on its joint initiatives but launched new ones; some of the activities are highlighted below.

20. In December 2007, the secretariat of the Forum invited members of CPF with extensive experience in forest finance to contribute their technical expertise to the preparations for the discussion on forest finance at the meeting of the Ad Hoc Expert Group, held in Vienna in November 2008, and at the eighth session of the Forum. The Advisory Group on Finance, consisting of the Food and Agriculture Organization of the United Nations (FAO), the International Tropical Timber Organization (ITTO), the World Bank and the secretariats of the Global Environment Facility (GEF), the United Nations Framework Convention on Climate Change and the Forum commissioned an analytical study which mapped financing needs, available sources and mechanisms for financing sustainable forest management. The study entitled "Financing flows and needs to implement the non-legally binding instrument on all types of forests" was presented to the Ad Hoc Expert Group meeting, and will be presented to the Forum at its eighth session.[8] Based on this input, the Ad Hoc Expert Group developed useful recommendations that are also presented for the consideration of the Forum in the Chair summary report of the Ad Hoc Expert Group (see E/CN.18/2009/11).

21. The Joint Initiative CPF Global Forest Expert Panels (formally known as the Joint Initiative on Science and Technology), which was launched at the seventh session of the Forum, focused its first project on the issue of climate change. The Initiative established an Expert Panel on Adaptation of Forests to Climate Change to carry out a comprehensive assessment of available scientific information on adaptation strategies, policies and measures on forests and the forest sector to climate change. The assessment report will be presented to the Forum at its eighth session.

22. The Collaborative Partnership on Forests held a strategic dialogue in Bonn, Germany, on 14 and 15 February 2008, which discussed new and emerging priorities after the adoption of the forest instrument. The meeting agreed that CPF would work to advance forest finance and recognition of forests as a multivalue, multifunctional

[7] See E/2008/29, chap. I, sect. D, Chairman's summary, part one.

[8] http://www.un.org/esa/forests/pdf/aheg/finance/UNFF_AGF_Background_doc_E.pdf, accessed 12 January 2009.

resource; further cooperation and coordination on forests and climate change; revitalize the work of the CPF Joint Initiative on streamlining reporting; strengthen CPF support to forest law enforcement and governance and promote effective use of science and technology in international forest-related processes.

23. In 2008, all 14 CPF members actively engaged in developing a proposal for a coordinated forest-sector response to climate change. The document entitled "Strategic framework for forests and climate change", highlights the importance of sustainable forest management in climate change mitigation and adaptation as well as the need to better integrate the sector into broader development strategies. It was launched at the fourteenth meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change (Poznán, Poland, 5 December 2008), was introduced to participants at the nineteenth session of the FAO Committee on Forestry (Rome, 16-20 March 2009) and will also be presented to the Forum at its eighth session.[9]

24. The information document on the CPF Framework 2008 and 2009 (see E/CN.18/2009/12) provides a more comprehensive overview of the Partnership's activities, including joint initiatives and other collaborative activities undertaken to promote sustainable forest management.

25. As reflected in paragraph 12 of Economic and Social Council resolution 2000/35, executive heads of relevant organizations of the United Nations system and heads of other relevant international and regional organizations, institutions and instruments are encouraged to support the secretariat of the Forum by seconding staff. This has proved as very useful means of enhancing cooperation and coordination. Further possibilities in this regard could therefore be explored.

B. Cooperation with international organizations, institutions and programmes

Food and Agriculture Organization of the United Nations

26. There is a close and continued cooperation and coordination between the secretariat of the Forum and FAO, especially with its Forestry Department. Of particular relevance for the preparations for the eighth session of the Forum is that in 2008 all of the Regional Forestry Commissions held meetings and several of them specifically addressed issues relevant to the Forum. The secretariat attended all of these meetings and made presentations. In addition, it also participated in the High-Level Conference on World Food Security, held in Rome in June 2008 (for more details on the work in this context, see paras. 37-45 below).

International Tropical Timber Organization

27. The secretariat of the Forum continues to be actively engaged in the work of ITTO and, among others, participated in the forty-third and forty-fourth sessions of the Council, held in Yokohama, Japan, in November 2007 and November 2008, respectively, and made presentations on developments relevant to the work of the Council. Arrangements are under way for the secondment of a senior ITTO staff

[9] Available from http://www.fao.org/forestry/media/16639/1/0/, accessed 12 January 2009.

member to the Forum secretariat to facilitate concrete cooperation between the Forum and ITTO.

United Nations Environment Programme

28. In 2008, the secretariat of the Forum partnered with UNEP and FAO to develop the first edition of Vital Forest Graphics. Vital Forest Graphics presents a visual overview of the current state of the world's forests, through graphics, maps and other illustrations. The publication is based on case studies on topical forest issues by a diverse group of authors and is slated for print in 2009.

C. Cooperation with multilateral environmental agreements

United Nations Framework Convention on Climate Change

29. The thirteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change was held in Bali from 3 to 15 December 2007 and the fourteenth session was held in Poznán, Poland, from 1 to 12 December 2008. The secretariat of the Forum attended both meetings. At the fourteenth session, progress was made on a number of important ongoing issues, including reducing emissions from deforestation and forest degradation.[10] This may present new opportunities to consider possible means and/or areas of closer cooperation between the Forum and the Framework Convention.

30. The first and second "Forest Day" events were organized by CPF members, the Centre for International Forestry Research in particular, in parallel with the two sessions of the Conference of the Parties to the Framework Convention. The events provided an international, multi-stakeholder forum on forest and climate change policies at the global, national and local levels. Experts also presented outcomes of scientific studies, shared experiences of ongoing forest projects, technical and technology developments. More than 800 people participated in the first Forest Day, including scientists, members of national delegations, and representatives from intergovernmental and non-governmental organizations. The second "Forest Day" gathered again approximately 900 people to discuss the opportunities and challenges of bringing forests into global and national strategies for climate change adaptation and mitigation.

31. The report of the Secretary-General on forests and climate change (E/CN.18/2009/4) provides further details on issues relating to activities of the Framework Convention.

Convention on Biological Diversity

32. The Forum secretariat participated at the thirteenth Meeting of the Subsidiary Body on Scientific, Technical and Technological Advice, held in Rome in February 2008. Together with the secretariat of the Convention on Biological Diversity and FAO, the Forum secretariat co-hosted a side event on Regional Forest Cooperation: Reaching the 2010 Biodiversity Target and the Global Objectives on Forests by 2015. The event highlighted regional cooperation towards the conservation and

[10] FCCC/SBSSTA/2008/L.23, available from http://unfccc.int/meetings/cop_14/items/4481.php, accessed 29 January 2009; see also decision 2/CP.13 and decision 1/CP.13.

sustainable use of forest biodiversity. Other members of the Collaborative Partnership on Forests and several representatives of regional processes and initiatives participated in the panel discussion.

33. The ninth meeting of the Conference of the Parties to the Convention on Biological Diversity was held in Bonn, Germany, in May 2008. Decision IX/5 on forest biodiversity includes several references to cooperation in general and the Forum and its secretariat in particular. In this context, the Conference of the Parties urged the parties to increase cross-sectoral cooperation to carry out coordinated implementation of the work programme on forest biodiversity under the Convention on Biological Diversity and the decisions set by the Forum, including the forest instrument (see UNEP/CBO/COP/9/29, decision IX/5, para. 1 (i)). Furthermore, the Executive Secretary of the Convention on Biological Diversity was requested to facilitate, in close cooperation with the secretariat of the Forum and other CPF members, regional, subregional and/or thematic workshops to support parties in implementing the programme of work on forest biodiversity. The need for enhancing dissemination, exchange of information and collaboration between the secretariats of the Convention, the Forum and other members of CPF was also noted (ibid., paras. 3 (a) and (c)). In addition, the Executive Secretary of the Convention on Biological Diversity was requested to explore, together with the Director of the secretariat of the Forum, possibilities for developing a work plan with targeted joint activities between secretariats and submit the results for the consideration of the Subsidiary Body (ibid., para. 3 (d)). The secretariat of the Forum participated in a number of events and contributed to the discussions on forest biodiversity and on strengthening cooperation with other conventions and international organizations and initiatives, highlighting the forest instrument and the multi-year programme of work of the Forum on Forests.

34. Decision IX/5 of the ninth meeting of the Conference of the Parties provides new possibilities for enhanced cooperation and coordination that would help boost efforts in achieving the Global Objectives on Forests in 2015 and the 2010 biodiversity target. The International Year of Biodiversity (2010) and the International Year of Forests (2011) may also be a beneficial time to explore joint activities between secretariats, in collaboration with other members of CPF. To this end, improving public awareness of the social, environmental and economic services and benefits that forests and related biodiversity provides would be relevant.

35. Communication and collaboration among the secretariats have been active and opportunities to jointly facilitate and gear efforts towards sustainable forest management have also been explored. In July 2008, the first staff exchange between the secretariats of the Convention on Biological Diversity and the Forum put forward meaningful considerations which could further enhance future collaboration. The report of the Secretary-General on forests and biodiversity conservation, including protected areas (E/CN.18/2009/6), provides further details on opportunities to address biodiversity related matters.

United Nations Convention to Combat Desertification

36. The secretariat of the Forum participated at the eighth session of the Conference of the Parties to the United Nations Convention to Combat Desertification, held in Madrid from 3 to 14 September 2007, and contributed to the discussion on the agenda item on promotion and strengthening of relationships with

other conventions and relevant international organizations, institutions and agencies, highlighting the role of the forest instrument and the multi-year programme of work of the Forum on Forests in this context. The Conference of the Parties also adopted a decision whereby it invited the parties to strengthen sustainable forest management and integrated water management in critical watershed areas in order to maintain ecosystem services in affected mountain areas, prevent soil erosion and flooding, to increase the size of atmospheric carbon sinks, and to conserve and sustainably use biodiversity (see ICCD/COP(8)/16/Add.1, decision 4/COP.8, para. 4).

IV. Cooperation with regional and subregional organizations

37. Cooperation with regional and subregional organizations has been active for several years. Various meetings and workshops have taken place in all regions since the seventh session of the Forum, in 2007. The meetings largely focused on regional specificities of sustainable forest management, but in many cases they also addressed major global issues linked to the agenda of the eighth session of the Forum. The secretariat of the Forum actively participated in several of these meetings and informed regional and subregional forest-related entities on recent developments of the Forum, in particular those regarding the forest instrument and the multi-year programme of work of the Forum on Forests. Some of these meetings are highlighted below.

38. The African Forestry and Wildlife Commission and the Near East Forestry Commission held their first ever joint session in February 2008, in Khartoum. Among other issues, the Commissions requested that FAO and other members of CPF continue and increase their collaboration and cooperation in their forest and climate change programmes.[11]

39. A seminar on current international issues relevant to forests and forest products was organized by the secretariat of the Association of Southeast Asian Nations (ASEAN) in preparation of the tenth ASEAN Senior Officials on Forestry meeting, held back-to-back with the seminar in Laos on 12 and 13 July 2007. The secretariat commended ASEAN for playing an important role in enhancing regional collaboration including building new partnerships to implement the forest instrument and in providing focused input to the Forum sessions according to the new multi-year programme of work of the Forum on Forests.

40. The twenty-second session of the Asia-Pacific Forestry Commission and the first Asia-Pacific Forestry Week were held in Hanoi from 21 to 26 April 2008. The secretariat of the Forum co-facilitated a special meeting on strengthening linkages between the Forum and regional processes. Among others, the Commission also recommended strengthening partnerships with other relevant organizations and continuing to participate in and inform international forestry processes, as well as using opportunities presented by the Forum and CPF to convey the forestry

[11] FAO, report of the eighteenth session of the Near East Forestry Commission (FAO, Cairo, 2008), para. xi.

community's perspectives on forests and climate change to the Framework Convention.[12]

41. The twenty-fifth session of the Latin American and Caribbean Forestry Commission held in Quito from 29 September to 3 October 2008, addressed several topics common on the agenda of the eighth session of the Forum, such as forest and climate change and the means of implementation.

42. The twenty-fourth session of the North American Forest Commission of FAO, took place in San Juan, Puerto Rico, from 9 to 13 June 2008. Among others, the discussions related to forests and energy and the Commission identified some regional matters for the attention of the FAO Committee on Forestry such as, the role of forests and trees in mitigating climate change, as well as the need for forest ecosystems to adapt to climate change.

43. The sixty-fifth session of the United Nations Economic Commission for Europe (UNECE) Timber Committee was held in Geneva from 8 to 11 October 2007. The Committee, for the first time, also had a joint meeting with the International Softwood Conference. The session included a UNECE/FAO Policy Forum on bioenergy policies and their impacts on the forest sector. The Forum enjoyed broad participation and a large number of panel presentations, including a side event by the Intergovernmental Panel on Climate Change.

44. The secretariat of the Forum also attended the thirty-fourth session of the FAO European Forestry Commission and the sixty-sixth session of the UNECE Timber Committee, held in conjunction with the European Forest Week in Rome from 21 to 24 October 2008. The event was jointly organized with the Ministerial Conference on the Protection of Forests in Europe, in cooperation with the European Commission. Beside the formal meetings of the Commission/Committee, the week included several thematic sessions. The topical focuses of the week were forests and climate change; forests and energy; forests and water; and international/regional cooperation on forests. These sessions drew a comprehensive picture of the interlinkages, stressed the need for cooperation between relevant actors and emphasized that the forest sector should reach out to other sectors to ensure balanced development of integrated multisectoral strategies.

45. For further information on the activities of regional and subregional organizations, please refer to the report of the Secretary-General on regional and subregional inputs (E/CN.18/2009/3).

V. Stakeholder involvement

46. The participation of stakeholders continues to be an important element of cooperation and coordination by the Forum. Regular multi-stakeholder consultations were organized with the major groups' focal points throughout 2007 and 2008 to share information on preparations for the eighth session of the Forum. Organizations of the major groups were represented in the Ad Hoc Expert Group in Vienna in November 2008 and the country-led initiatives held in Durban in April 2008 and in

[12] Report of the twenty-second session of the Asia-Pacific Forestry Commission, Hanoi, 21-26 April 2008 (RAP Publication: 2008/06 FAO: APFC/2008/REP), summary of recommendations.

Paramaribo in September 2008. Major groups are also submitting discussion papers reflecting their views and concerns for the current session of the Forum.

47. At the departmental level, the Department of Economic and Social Affairs developed and launched a new integrated Civil Society Organizations System, which will facilitate interactions between stakeholders and the Department. The system provides online general profiles of civil society organizations, including contact details, activities and meeting participation. It also assists accredited NGOs in submitting quadrennial reports and in designating representatives to the United Nations.[13]

VI. Country-led initiatives

48. Important country-led initiatives have been organized successfully since the seventh session of the Forum. The secretariat of the Forum has participated in and closely cooperated with these initiatives. The first Region-Led Initiative on regional input in support of the work of the Forum took place in Geneva from 28 to 30 January 2008, and was co-hosted by the Governments of Switzerland and Australia. A total of 49 participants from 31 organizations and countries attended the Region-Led Initiative, which explored and highlighted several benefits to enhance regional interaction. Participants also voiced their interest in working together to make progress on sustainable forest management globally.[14]

49. An international Workshop on Forest Governance and Decentralization in Africa, a South African-Swiss country-led initiative in support of the Forum was organized in Durban, South Africa, from 8 to 11 April 2008 by the Swiss Department of Water Affairs and Forestry, Republic of South Africa and Federal Office for the Environment, Swiss Confederation and co-sponsored by Germany, Finland, Norway, South Africa, Switzerland, the United Kingdom of Great Britain and Northern Ireland, the United States of America and ITTO. Technical support was provided by the Centre for International Forestry Research and Intercooperation, the Swiss Foundation for Development and International Cooperation. The Workshop enhanced cooperation and coordination by bringing together different stakeholders, policymakers and international experts from all over Africa and other regions. Participants shared experiences and explored opportunities to generate concrete gains from governance reforms and decentralized forest management. Discussions were organized around three central themes: decentralized forest management and livelihoods, and conservation; sustainable forest management and forest governance; and international trade, finance and forest sector governance reform. The Workshop identified several issues needing attention and developed recommendations for the consideration of countries and the Forum.[15]

50. Over 200 forest and finance experts attended a Country-Led Initiative on Financing for Sustainable Forest Management held in support of the Forum, in

[13] See http://esango.un.org/civilsociety/login.do, accessed 19 January 2009.

[14] Report of the Australian-Swiss Region-Led Initiative on Regional Input in Support of the United Nations Forum on Forests, 28-30 January 2008, http://www.un.org/esa/forests/pdf/cli/AUS_CH_RLI_report.pdf, accessed on 8 January 2009.

[15] Forest governance and decentralization in Africa: report of a workshop co-organized by the Governments of South Africa and Switzerland, http://www.un.org/esa/forests/pdf/cli/cli_durban_report.pdf, accessed on 7 January 2009.

Paramaribo, from 8 to 12 September 2008. The meeting was co-organized by Suriname, the Netherlands and the United States, and was supported by the Government of the United Kingdom, ITTO, the World Bank, the Inter-American Development Bank, Conservation International and World Wide Fund for Nature Guianas. Conclusions and recommendations from the meeting included the urgent need for financing from all sources, with official development assistance playing a catalytic role and the need for more coherence and streamlining of mechanisms, procedures and processes.[16]

VII. Partnerships and processes

51. Cooperation and coordination with several partnerships and processes have also been intense. The secretariat of the Forum has participated in several meetings and events since the last Forum session.

Asia Forest Partnership

52. The seventh meeting of the Asia Forest Partnership was held in Yokohama, Japan, from 12 to 15 November 2007, back-to-back with the forty-third session of the International Tropical Timber Council. The Partnership evaluated its first five years and concluded that the activities should continue in the future. The Steering Committee of the Partnership prepared an announcement highlighting the new focuses and agenda for the second phase of the Partnership for the period 2008-2015. The key themes included reducing forest loss and degradation and enhancing forest cover to maintain the provision of forest products and ecosystem services, including mitigation of and adaptation to climate change, watershed and land resource protection, and conserving biological diversity and combating illegal logging and associated trade.[17]

Asia-Pacific Forest Network

53. The Asia-Pacific Forest Network (AFPNET) was launched in Beijing in September 2008 at an international Symposium on Sustainable Forest Management. The Network was created in response to the Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting in Sydney, Australia, in 2007, and endorsement by the Sydney APEC Leaders' Declaration on Climate Change, Energy Security and Clean Development. The particular relevance of AFPNET lies especially in its objectives which fall very close to the Global Objectives on Forests. The closest link in this regard is APFNET Objective one which aims at increasing forest cover in the APEC region by at least 20 million hectares by 2020, which could be understood as a quantified target contributing directly to Global Objective one targeting reversing the loss of forests by 2015. In the discussions participants specifically called for the Network to find its unique place among the existing regional initiatives and processes and identify areas with highest potential for success without overlapping with existing works.

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[16] Country-Led Initiative on Financing for Sustainable Forest Management in support of the United Nations Forum on Forests, 8-12 September 2008, Co-Chairs' summary report.

[17] Announcement on Renewal and Revision of the Mandate, Focus and Operational Modalities of the Asia Forest Partnership for 2008-2015, available online, e.g., from: http://www.mofa.go.jp/policy/environment/afp/announce0711.pdf, accessed on 8 January 2009.

African Forest Forum

54. The secretariat of the Forum is a partner to the African Forest Forum, an international non-governmental organization, whose members share the commitment to the sustainable management, use and conservation of the forest and tree resources of Africa for socio-economic well-being of its peoples and for the stability and improvement of its environment.[18] The African Forest Forum is hosted at the International Centre for Research in Agroforestry (World Agroforestry Centre) in Nairobi. One of the notable outcomes of the partnership with the African Forest Forum, is the facilitation of African participation in sessions of the United Nations Forum on Forests. Through the Technical Support Team, the African Forest Forum has supported preparatory sessions for the Forum, coordinated African dialogue during the sessions, and provided technical analysis and backup.

Ministerial Conference on the Protection of Forests in Europe

55. The Fifth Ministerial Conference, in Warsaw held from 5 to 7 November 2007, adopted the Warsaw Declaration,[19] and two resolutions that relate to climate change, the growing demand for energy from renewable sources and threats to the availability and quality of water resources. The Declaration made specific references to sustainable forest management and its contribution to environmental, economic, social and cultural dimensions of sustainable development and to the achievement of internationally agreed goals, including the Forum's Global Objectives on Forests. The section of the Declaration on global-regional cooperation and partnerships also highlighted several Forum matters, including the commitment to contribute to the achievement of the Four Global Objectives as well as to the implementation of the non-legally binding instrument on all types of forests and the Forum's multi-year programme of work of the Forum on Forests, along with agreement to develop consistent inputs, in cooperation with other regional bodies, processes and agreements, from the Pan-European region to the work of the Forum.

56. The Ministerial Conference Expert Level Meeting was held in Oslo in May 2008. Discussions focused on the work programme, programme elements and the strategic direction of the Ministerial Conference. The secretariat of the Forum made a statement depicting the opportunities ahead to demonstrate lessons learned of regional forest cooperation and to enhance the regional contribution to the achievements of the Four Global Objectives on Forests and other relevant global commitments. As part of the work programme of the Ministerial Conference, the Ministry of Agriculture and Forestry of Finland, with the support of the Ministry for Foreign Affairs and Ministry of the Environment, organized a Pan-European workshop on the topic "Forests in the changing environment" in Koli, Finland, in September 2008. The workshop provided a forum for discussion and elaboration of the contribution from Europe to the eighth session of the Forum. As a result of the workshop, priority issues were identified and proposals for concrete actions for further consideration were identified and clustered (see E/CN.18/2009/14).

[18] See http://www.afforum.org/index.php/About-AFF/About-The-African-Forest-Forum.html, accessed 2 February 2009, and the constitution of the African Forest Forum.

[19] Warsaw Declaration 2007, especially paras. 29-31 and 37.

VIII. Conclusions

57. **Enhanced cooperation and cross-sectoral policy and programme coordination plays a crucial role in achieving sustainable forest management, especially due to the great number of instruments, institutions, programmes and processes relevant for forests.**

58. **In accordance with the mandate provided in Economic and Social Council resolutions 2000/35 and 2006/49, the Forum and its secretariat have undertaken several measures to facilitate cooperation and coordination at the international, regional and national levels. Many significant developments regarding enhanced cooperation and collaboration may be highlighted. To mention a few, the Collaborative Partnership on Forests has had a number of highly significant initiatives in support of the Forum. The cooperation and coordination with multilateral agreements have been fruitful. Decision IX/5 of the ninth meeting of the Conference of the Parties to the Convention on Biological Diversity, for example, is a considerable development in relation to the enhanced cooperation and collaboration with the Forum and its secretariat. Decision 2/CP.13 of the thirteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change entitled "Reducing emissions from deforestation in developing countries: approaches to stimulate action" also provided, in paragraph 8 of the annex, that demonstration activities should be consistent with sustainable forest management, noting, inter alia the relevant provisions of the Forum. The work on enhanced cooperation and cross-sectoral policy and programme coordination with regional and subregional organizations has been intense. Certain areas, however, may still require strengthening the cooperation and coordination.**

59. **Since the seventh session of the Forum, the forest instrument and multi-year programme of work of the Forum on Forests play a key role in enhanced cooperation and cross-sectoral policy and programme coordination. The Economic and Social Council, while recommending the adoption of the forest instrument to the General Assembly, also invited the Forum to establish and maintain cooperation with relevant multilateral environmental agreements, instruments, processes and United Nations bodies, relevant international and regional organizations, institutions and major groups in order to facilitate enhanced cooperation to achieve the purpose of the instrument. One of the purposes of the forest instrument is to provide a framework for this international cooperation.**

60. **As explained in the present report, several measures on enhanced cooperation and coordination have taken place. This cooperation and coordination should continue and be even further strengthened. Closer cooperation between the Forum and other relevant organizations, agreements and institutions, especially in relation to promoting international trade in forest products from sustainably managed forests and addressing illicit international trafficking in forest products, could take place as well as strengthening technical and scientific cooperation among countries.**

61. **In the light of the overall theme of the eighth session of the Forum — forests in a changing environment — the discussions and developments in relation to enhanced cooperation and collaboration in the environmental field**

could also be examined. These take place in the broader environmental context[20] and among certain multilateral environmental agreements in the chemical and hazardous wastes sector in particular.[21] The Forum, according to its mandate, has a significant overarching role in relation to the discussions on global forest issues and forests could serve as a linking factor between several environmental and development-related multilateral conventions.

62. **Enhanced cooperation and cross-sectoral policy and programme coordination in the forest sector has gained considerable new potential since the seventh session of the Forum. As mentioned, the forest instrument and the multi-year programme of work of the Forum on Forests provide solid ground and guidance for enhanced cooperation and coordination. The Collaborative Partnership on Forests continues to provide effective means for enhanced cooperation and coordination among international bodies on issues and activities related to forests. Cooperation at the regional and national levels should also be fully maximized.**

IX. Points for consideration

63. **The Forum may wish to:**

(a) **Call for strengthening cooperation and cross-sectoral policy and programme coordination to effectively implement the forest instrument, and in the areas of the multi-year programme of work of the Forum on Forests;**

(b) **Identify new opportunities for enhanced cooperation and cross-sectoral policy and programme coordination in prioritized areas;**

(c) **Encourage the heads of international organizations to continue their active involvement in the Collaborative Partnership on Forests, including to facilitate the implementation of Forum decisions and to carry out joint programmes, within their respective mandates;**

(d) **Request the Forum secretariat to continue actively participating in and supporting the Collaborative Partnership on Forests as well as enhancing cooperation with relevant international and regional partnerships, processes and bodies;**

(e) **Consider ways to enhance and strengthen cooperation and coordination between the work of the Forum and multilateral environmental agreements, especially the Rio Conventions;**

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[20] See online, e.g., http://www.un.org/ga/president/62/issues/environmentalgovernance.shtml, accessed 20 January 2009.

[21] By decision SC-2/15 of the Conference of the Parties to the Stockholm Convention, decision RC-3/8 of the Conference of the Parties to the Rotterdam Convention and decision VIII/8 of the Conference of the Parties to the Basel Convention, an Ad Hoc Joint Working Group was established to prepare joint recommendations on enhanced cooperation and coordination among the three conventions for submission to the Conference of the Parties of all three conventions. According to its mandate, the Working Group submitted the recommendation so far to the Conference of the Parties of the Basel and Rotterdam Conventions, which have decided to adopt the recommendation; see http://ahjwg.chem.unep.ch/index.php?option=com_frontpage&Itemid=1, accessed 9 January 2009.

(f) **Identify additional opportunities to facilitate regional and subregional cooperation on forestry issues, including by developing guidelines to assist the preparation of regional inputs to the ninth session of the Forum, fostering active dialogues and convening workshops on specific themes of regional concerns;**

(g) **Invite the Collaborative Partnership on Forests[22] to:**

(i) **Continue its vital support to the work of the Forum, through joint initiatives and collaborative activities such as the CPF Advisory Group on Finance and the strategic framework for forests and climate change;**

(ii) **Encourage its member organizations to incorporate relevant decisions taken by the Forum into their activities;**

(iii) **Develop indicators for assessing and monitoring progress towards the Global Objectives on Forests and the implementation of the forest instrument. In this respect, the Forum may wish to express its support to the recent initiative to address the concept of forest degradation;**

(iv) **Continue supporting the Joint Initiative CPF Global Forest Expert Panels, bearing in mind the key issues of the ninth session of the Forum.**

[22] Specific recommendations addressed to CPF can be found in the report of the Secretary-General on recommendations for addressing key challenges of forests in a changing environment (E/CN.18/2009/8).